



**Carlos Jackson**  
Executive Director

**COMMUNITY DEVELOPMENT COMMISSION  
of the County of Los Angeles**

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**Gloria Molina**  
**Yvonne Brathwaite Burke**  
**Zev Yaroslavsky**  
**Don Knabe**  
**Michael D. Antonovich**  
*Commissioners*

March 29, 2005

Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Honorable Board of Commissioners  
Community Development Commission  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors and Commissioners:

**AMEND LOAN AGREEMENT WITH WILLOWBROOK PLACE, L.P., FOR  
APARTMENTS IN UNINCORPORATED WILLOWBROOK (2)  
(3 Vote)**

**IT IS RECOMMENDED THAT THE BOARD OF SUPERVISORS:**

Authorize the Community Development Commission to administer, on behalf of the Commission, up to \$1,168,424 in Home Investment Partnerships (HOME) Program funds, to provide construction and permanent financing to Willowbrook Place, L.P. (the Developer) for Willow Apartments, 24 units of rental housing for very low-income mentally disabled adults, to be located at 12612 South Wilmington Avenue, in unincorporated Willowbrook.

**IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE  
COMMUNITY DEVELOPMENT COMMISSION:**

1. Consider the attached Environmental Assessment/Mitigated Negative Declaration prepared pursuant to the requirements of the California Environmental Quality Act (CEQA), together with any comments

received during the public review process, for the development of Willow Apartments, 24 units of rental housing for very low-income mentally disabled adults, to be located at 12612 South Wilmington Avenue, in unincorporated Willowbrook.

2. Find that after the incorporation of the mitigation measures identified in the Mitigation and Monitoring Plan, and required as a condition of project approval, the development of Willow Apartments will not have a significant effect on the environment; approve the Environmental Assessment/Mitigated Negative Declaration; find that the project will have no adverse effect on wildlife resources; and authorize the Executive Director of the Community Development Commission to complete and file with the County Clerk a Certificate of Exemption for the project described above.
3. Approve Amendment No. 2 to the Loan Agreement, presented in substantially final form, between the Commission and Willowbrook Place, L.P. (the Developer), to increase the original loan amount by an amount up to \$668,424, from \$500,000 to a maximum of \$1,168,424 in HOME Investment Partnerships (HOME) Program funds, for increased construction costs and permanent financing of the Willow Apartments.
4. Authorize the Executive Director to execute Amendment No. 2 to the Loan Agreement and all related documents, for the purposes described above, to be effective following approval as to form by County Counsel and execution by all parties.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:**

The purpose of this action is to approve Amendment No. 2 to the Loan Agreement between the Commission and the Developer, which will provide additional funding to cover increased construction costs, and for permanent financing of the project.

**FISCAL IMPACT/FINANCING:**

There is no impact on the County general fund. Under the original Loan Agreement as amended, \$500,000 in HOME funds were provided for environmental remediation and permanent financing of Willow Apartments as a 30-year, three percent simple interest loan, evidenced by a Promissory Note and secured by a subordinated Deed of Trust. This loan is to be repaid from residual rental receipts generated by operation of the property. The current action will increase this loan by an amount up to \$668,424, from \$500,000 to a maximum of \$1,168,424 in HOME funds, converting to permanent financing at completion of construction.

Since the start of the project in 2001, the total development cost has increased by \$2,622,908, from \$4,172,328 to \$6,795,236, due to unforeseen costs incurred during the environmental remediation phase, and increased construction costs. The funding gap is being bridged by the increase in HOME funding from the Commission, and by the Developer, through an increase in the private construction loan, additional public funding and additional tax credits.

A Financial Analysis is provided as Attachment A.

**FACTS AND PROVISIONS/LEGAL REQUIREMENTS:**

On August 7, 2001, your Board authorized a Loan Agreement between the Commission and the Developer for environmental remediation and permanent financing of the 24-unit Willow Apartments. On April 6, 2004, your Board authorized an Amendment to the Loan Agreement between the Commission and the Developer to fund additional environmental remediation. Environmental remediation will be completed in May 2005, and construction is expected to commence in November 2005.

Once construction has been completed, all units will be reserved for qualified mentally disabled adults with incomes equal to or less than 50 percent of the area median income for the Los Angeles/Long Beach Metropolitan Statistical Area, as defined by the U. S. Department of Housing and Urban Development.

The project is a collaborative effort between the Developer and South Central Health and Rehabilitation Programs (SCHARP). The Developer will be responsible for operating the housing. SCHARP, which is experienced in providing case management and mental health treatment to the population, will employ the staff and provide the majority of the program services, including outreach, basic needs, mental health care, psychosocial and vocational services, advocacy/education, support systems and crisis intervention. The Developer will coordinate with other community-based service providers for the provision of job training, skills development and other services to improve the residents' quality of life.

Should the Developer require additional or replacement personnel during the term of the Agreement, it will give consideration for any such employment openings to participants in the County's Department of Social Services' Greater Avenues for Independence (GAIN) Program and General Relief Opportunities for Work (GROW) Program who meet the minimum qualifications for the open positions. The Developer will contact the County's GAIN/GROW Division for a list of participants by job category.

**ENVIRONMENTAL DOCUMENTATION:**

An Environmental Assessment was prepared for the project pursuant to the requirements of the National Environmental Policy Act of 1969 (NEPA). This document describes the proposed project, evaluates the potential environmental effects, and describes the

mitigation measures necessary to avoid potentially significant environmental effects from the project. Based on the conclusions and findings of the Environmental Assessment, a Finding of No Significant Impact was adopted by the County of Los Angeles on December 4, 2001. Following the required public and agency comment period, the U.S. Department of Housing and Urban Development issued a Release of Funds for the project on January 19, 2002.

Consistent with the provisions of the CEQA Guidelines, Article 14, Section 15221, notice was provided to the public that the Environmental Assessment, used in place of an Initial Study, would be used to satisfy CEQA requirements. The Environmental Assessment/Mitigated Negative Declaration was circulated for public review as required by state and local law, and the Environmental Assessment/Mitigated Negative Declaration, in conjunction with the Mitigation and Monitoring Plan, meets the requirements of CEQA.

Approval of the Environmental Assessment/Mitigated Negative Declaration, including the Mitigation and Monitoring Plan, and filing a Notice of Determination with the County Clerk, will satisfy CEQA requirements. A fee must be paid to the State Department of Fish and Game when certain notices required by CEQA are filed with the County Clerk. The Commission is exempt from paying this fee when your Board finds that the project will have no significant impact on wildlife resources. The project is located in an urban setting, and the Environmental Assessment/Mitigated Negative Declaration concludes there will be no adverse effect on wildlife resources.

**IMPACT ON CURRENT PROJECT:**

The Loan Amendment will increase the loan by an amount necessary to provide additional construction funding for the project, which will increase the supply of special needs housing in the County.

Respectfully submitted,

CARLOS JACKSON  
Executive Director

Attachments: 2

## **Attachment A**

### **HOUSING FINANCIAL ANALYSIS WILLOW APARTMENTS**

12612 South Wilmington Avenue, unincorporated Willowbrook

The project consists of 24 units of housing for very low-income individuals and families with an adult member having a mental disability, to be located at 12612 South Wilmington Avenue in unincorporated Willowbrook. The Commission's HOME loan will provide environmental remediation, construction and permanent financing for the development of the units. All units will be reserved for qualified individuals with incomes equal to or less than 50 percent of the area median income for the Los Angeles/Long Beach Metropolitan Statistical Area (MSA), as defined by the U. S. Department of Housing and Urban Development (HUD).

The following is a financial analysis of the project:

#### **Development Phase:**

	<u>Total</u>	<u>Per Unit</u>
<b><u>Sources</u></b>		
City of Industry	\$ 1,600,000	66,667
HOME Funds	1,168,424	48,684
AHP	132,000	5,500
SHP	400,000	16,667
Capital Contributions	3,494,812	145,618
<b>TOTAL</b>	<b>\$6,795,236</b>	<b>283,136</b>

#### **Uses**

<b>Total Development Cost</b>	<b>\$6,795,236</b>	<b>283,136</b>
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#### **Permanent Phase:**

#### **Sources**

City of Industry	\$ 1,600,000	66,667
HOME Funds	1,168,424	48,684
AHP	132,000	5,500
SHP	400,000	16,667
Capital Contributions	3,499,812	145,618

<b>TOTAL</b>	<b>\$6,795,236</b>	<b>283,136</b>
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#### **Uses**

<b>Total Development Cost</b>	<b>\$6,795,236</b>	<b>283,136</b>
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**COMMUNITY DEVELOPMENT COMMISSION  
OF THE COUNTY OF LOS ANGELES**

**AMENDMENT NO. 2  
LOAN AGREEMENT**

THIS AMENDMENT NO. 2 TO THE HOME LOAN AGREEMENT (Agreement) is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2005, by the **Community Development Commission of the County of Los Angeles**, a public body corporate and politic hereinafter called "Commission", and **Willowbrook Place, L.P.**, a California Limited Partnership, hereinafter called the "Borrower".

WITNESSETH THAT:

WHEREAS, the Commission and the Borrower previously entered into the original HOME Loan Agreement on November 14, 2001, that provided for environmental remediation and permanent financing of 24 units of housing for very low-income individuals and families having an adult member with a mental disability.

WHEREAS, the Commission and the Borrower previously entered into the Amendment No. 1 to the HOME Loan Agreement on May 13, 2004, that provided for additional funds to complete the environmental remediation and for permanent financing of 24 units of housing for very low-income individuals and families having an adult member with a mental disability.

WHEREAS, during the course of the remediation process, construction costs have escalated and additional funds are needed for direct construction costs in an amount of \$668,424.

WHEREAS, in order to achieve this purpose and better implement the project, it now becomes necessary to amend said Loan Agreement to increase the loan amount and both parties are desirous of such amendment.

NOW, THEREFORE, in consideration of the mutual undertakings herein, the parties agree that said HOME Loan Agreement be amended as follows:

1. Recital A shall be amended to read as follows:

WHEREAS, Borrower desires to borrow the principal amount up to and not to exceed **ONE MILLION ONE HUNDRED SIXTY EIGHT THOUSAND FOUR HUNDRED TWENTY FOUR DOLLARS (\$1,168,424)** ("Loan") from Commission for the environmental remediation of hazardous material at the Project Site ("Project"), construction costs and permanent financing described in the Transaction Summary above, and as more particularly described in the Agreement.

2. All references to the above Loan amount shall be amended to reflect a HOME loan of \$1,168,424, which is an increase of \$668,424 from the current HOME loan amount of \$500,000.

3. Section 2.3 Payment Dates and Amounts, shall be amended to read as follows:

As set forth in greater detail in the Note, Borrower shall repay the HOME Loan with accrued interest in arrears in annual installments on March 15th of each calendar year for the previous calendar year, commencing on March 15, 2007. Absent prepayment or acceleration, each of the annual payments due March 15, 2007 through and including March 15, 2037 ("Maturity Date") shall be in an amount equal to a pro-rata percentage share of fifty percent (50%) of "Residual Receipts" for the prior calendar year, as defined in the Note.

4. All other terms and conditions of said Agreement shall remain the same and in full force and effect.

IN WITNESS WHEREOF, the Commission and the Borrower, through their duly authorized officers, have executed this Amendment as of the date first above written.

COMMUNITY DEVELOPMENT  
COMMISSION  
OF THE COUNTY OF LOS ANGELES

BORROWER:  
WILLOWBROOK PLACE, L. P.,  
a California Limited Partnership

By \_\_\_\_\_  
Carlos Jackson  
Executive Director

By \_\_\_\_\_  
Dora Leong Gallo  
Chief Executive Officer

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.  
County Counsel

By \_\_\_\_\_  
Deputy